

Minutes December 4, 2003

Seattle City Employees' Retirement System Regular Board Meeting

Thursday, December 4, 2003 - 8:30 a.m.
Metropolitan Credit Union Bldg – 3rd Floor,
Credit Union Conference Room

Present: Jan Drago, Dwight Dively, Norma McKinney, Mary Norris, and Paul Berry.

Absent: Lou Walter and Frank Mathews.

Also Present: Jesse Howell – ARSCE, Eddie Haw - ARSCE, Jesse Tapp – ARSCE, Ed Kidd – ARSCE, Ken Leask – ARSCE, Jack Fahlstrom – ARSCE, Kirk Jones – ARSCE, Jim Fletcher – ARSCE/RCLEA, Walt North – ARSCE, Mel Robertson and Norm Ruggles.

Public Comment: Since this was Jan Drago's last meeting as a Board member, Jim Fletcher acknowledged Jan's caring and sensitivity for the retirees and he also said that he enjoyed serving with her on the Board, when he was a Board member. Norm also thanked Jan and presented her with a plaque that recognizes her four years of service on the Board. Jesse Tapp said on behalf of ARSCE that he thanked Jan for all her support. Dwight thanked Jan for her constructive leadership and said that he was very pleased about how she helped the Board work through the various issues that have come before it. Eddie Haw and Walt North also complimented Jan. Jan then thanked everyone and said that she has enjoyed serving as Chair, and that it has been a meaningful experience for her.

Minutes:

Upon motion by Dwight Dively, seconded by Mary Norris, the Retirement Board approved the minutes from the November 4, 2003 Retirement Board meeting.

Ratification of Retired Payroll, Office Payroll, other Billings and Withdrawals:

Information: The following items represent normal expenses plus the Bonus COLA (13th Check) of \$4,258,346.57, the Floor COLA catch-up of \$78,485.34 and monthly COLA increases of approximately \$37,450.00.

Service	\$ 8,689,687.56
Beneficiary	1,382,126.45
Disability	105,927.10

Pension Payroll – November 2003	\$ 10,177,741.11
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Office Payroll - pay period ending October 21, 2003	\$ 25,780.38
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Office Payroll - pay period ending November 4, 2003	\$ 25,726.58
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Vouchers Processed - from October 24, 2003 through November 18, 2003	\$ 179,713.56
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* \$ 153,983.74 Expert and Consultant Services

Immediate Withdrawal of Contributions

<u>Member</u>	<u>Department</u>	<u>Position</u>
Arnold, Leroy Eugene	Human Services	Devel Finance Spec I
Cain, Vikki L	Parks	Admin Spec II
Carter, Wendell E	Parks	Laborer
Clark, Karla D	Human Services	Public Info Officer
Eisfeldt, Jason G	Seattle Center	Security
Fulmer, Penelope A	Parks	Maint Laborer

Galanti, Neesa L	HSD	Registered Nurse
Jenkins, Bobbi Ann	Human Services	Admin Spec I
Peck Jr, Charles K	SPU	Mgmt Systems Analyst
Perko, Mary Ellen	DCLU	GIS Coordinator
Smiley, Donald	ESD	Laborer
Stonehouse, David Robert	SPU	Water Maintenance Helper
Telahun, Daniel	Light	Utility Field Rep
Thompson, Kelly K	Parks	Rec Attendant

Upon motion by Dwight Dively, seconded by Paul Berry, the Board ratified the Retired Payroll, Office Payroll, other Billings and Withdrawals.

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>	<u>Option</u>
Baker, Vicki K.	8/27/2003	25	136	Parks	Ground Maintenance Crew	55	S,F,G-50
Calloway, Alice F.	11/5/2003	25	289	Parks	Utility Laborer	62	C20
Churchill, Edward J.	10/4/2003	39	40	City Light	Elctn-Con-(OI)	62	E,G-50
Corliss, Jeffrey	8/27/2003	34	275	Dual Member	Vested	56	D
Poua, Logoafiafi Tau	8/6/2003	11	287	SPU	Maintenance	50	19b
Danielson, Mary J.	1/1/2003	9	214	K.C. Health	Vested	62	C10
Fulwider, Donald J.	8/26/2003	30	194	Dual Member	Vested	58	A
Gooding, Betty	8/4/2003	10	248	Muni Courts	Admin Spec II	67	S,G-50
Haglund, Raymond L.	8/18/2003	18	256	City Light	Electrical Helper	54	19b
Hansen, Judith T.	10/28/2003	9	329	Parks	Vested	62	C20,G-100
Hawk, Lawrence R.	11/1/2003	7	54	Seattle Center	Usher	70	E
Lawson, Renee M.	12/5/2003	30	19	Police	Dispatcher	51	B
Olson, Roy E.	8/2/2003	37	102	City Light	Structural Iron Worker	62	S
Palmer, Ralph C.	9/26/2003	33	74	Metro Transit	Transit Operator	63	E,G-100
Pizzuto, Michael E.	7/1/2003	32	305	Dual Member	Vested	53	S,G-100
Saunders, Jeannette J.	9/4/2003	25	166	City Light	Accounting Tech III	54	A,F,G-50
Smith, Kay I	11/1/2003	10	231	Law	Vested	62	A
Smith, Patricia L.	9/23/2003	10	1	Muni Courts	Court Clerk	60	S,G-50
Taylor, June E.	1/1/2003	12	201	Police	Community Service Officer	57	S,G-50
Trocha, Michael J.	10/4/2003	31	278	Police	Community Service Officer	56	E,F,G-100
Watters, Opal M.	9/2/2003	25	30	Fleets & Facilities	Sr. Warehouser	56	A,F,G-50
West, John Richard	6/22/2003	12	184	SDOT	Real Property Agent, Sr.	54	19b
Wiedenhof, Cindy M.	10/2/2003	5	151	SPU	Maintenance Laborer	42	I

Norm said that 37 members withdrew or retired and 40 new members entered the System last month.

Upon motion by Dwight Dively, seconded by Norma McKinney, the Retirement Board approved the service retirements listed above, pending final review.

Ratification of Investment Transactions and Statement of Securities and Cash:

Items in the Investment Summary for October 2003 were highlighted by Norm.

Upon motion by Dwight Dively, seconded by Mary Norris, the Retirement Board approved the Investment Summary report.

Investment Committee Report:

It was announced that the December meeting of the Investment Committee has been canceled.

Norm reported that the Investment Committee met on November 13, 2003 to interview Epsilon Investment Management, a hedge fund manager. Norm gave a brief description of Epsilon and their investment process and stated that the Investment Committee is recommending Board approval to place \$10M with Epsilon Investment Management.

Upon motion by Dwight Dively, seconded by Paul Berry, the Retirement Board approved the Investment Committee's recommendation to hire Epsilon Investment Management for \$10M.

Norm reviewed the Shurgard investment and current process to wind down the limited partnership and the related appraisal process. Norm said that the process was very near completion and requested Board approval to complete the process, once he feels the final closing price is proper. The Investment Committee has decided that the closing should be pursued.

Upon motion by Dwight Dively, seconded by Paul Berry, the Retirement Board authorized the Executive Director to complete the sale of our interests in the partnership once he feels comfortable with the final numbers.

Norm then reported on the November 20, 2003 quarterly performance meeting with the Investment Committee and the Investment Advisory Committee. Norm told the Board that through September 30, 2003 the investment performance of our fund, when compared to other funds in the performance measurement consultant's database, ranked in the 22nd percentile over previous 12 months, and in the 20th percentile over the past 24 months.

Executive Director Report:

Norm reminded the Board that after the meeting there would be a reception for Jan Drago to thank her for her service to the Board.

Norm passed out a tentative meeting schedule for 2004 and after a brief discussion the Board decided to begin the Board meetings at 9:30 a.m., rather than the stated 8:30 a.m. The Board also decided to plan on having extended Board meetings in March and June. The meeting in March will cover the responsibilities and authority of the Board, and then in June the Board will review the results of the audit and the actuarial valuation. The extended meetings will be in lieu of an all-day retreat.

Norm told the Board that the proposed legislation regarding the death benefits and buy-backs will come before the City Council for a vote on Monday. He reminded the Board that these changes were administrative items and not substantive changes. The Council Finance and Budget Committee approved the legislation on December 3, 2003.

Norm then informed the Board that the letter sent to the retirees explaining this year's COLA was very helpful and reduced the number of calls to the office regarding the COLA. He told the Board that Mel works long hours to prepare the annual COLA adjustments, and the Board thanked Mel for his hard work.

Old Business:

(1) Status of Benefit Enhancements

The Board was informed that the estimated current funding level of the Retirement Fund is: 84.09% as of October 31, 2003.

New Business:

(1) Primer on Audits

Mel made a presentation to the Board explaining the various types of audits and audit processes that the Retirement Fund undergoes to safeguard the assets and properly and adequately disclose the financial position and results of operations.

(2) Disability Retirement Application for Ann Bryant

Upon motion by Norma McKinney, seconded by Dwight Dively, the Retirement Board voted to enter Executive Session to review the application.

The Board then returned to regular session and invited the members of the public back into the room.

Upon motion by Dwight Dively, seconded by Norma McKinney, the Retirement Board voted unanimously to deny the disability retirement application for Ann Bryant based on the medical report of Dr. William S. Moore and the recommendation of the Disability Committee.

Adjournment

Upon motion by Jan Drago, seconded by Paul Berry, the Retirement Board voted to adjourn the meeting. The meeting adjourned at 10:28 am.

Norma McKinney, Secretary